

Message Text

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ACTION EB-03

INFO OCT-01 SS-14 ISO-00 EUR-08 EA-06 NSC-05 NSCE-00 OES-02

SP-02 L-01 INR-05 CIAE-00 DODE-00 MC-01 /048 W

----- 054994

R 011103Z APR 75

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 9757

INFO AMEMBASSY TOKYO

AMEMBASSY PARIS

AMEMBASSY ROME

AMEMBASSY BONN

AMEMBASSY STOCKHOLM

USMISSION OECD PARIS

USMISSION EC BRUSSELS

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LIMDIS

E.O. 11652: N/A

TAGS: EEW, TECH, UK

SUBJECT: IMPACT OF TECHNOLOGY EXPORTS TO COMMUNIST COUNTRIES

REF: STATE 64767

1. ON MARCH 26 WE RAISED QUESTIONS IN REFTEL CONCERNING TECHNOLOGY EXPORTS TO USSR AND OTHER COMMUNIST COUNTRIES WITH DAVID WHITBY, CHIEF, EXPORT LICENSING BRANCH, DEPARTMENT OF TRADE

2. WHITBY SAID THAT THE BRITISH GOVERNMENT HAS NO FORMAL INSTITUTIONAL MECHANISM FOR SCREENING TECHNOLOGY EXPORTS, ASIDE FROM ITS REGULAR STRATEGIC EXPORT LICENSING PROCEDURES. THE GOVERNMENT RELIES ON CLOSE AND CONTINUING CONTACT WITH THE FIRMS INVOLVED IN EAST-WEST TRADE. THE MINISTRY OF DEFENCE FOLLOWS WHAT DEFENSE-RELATED INDUSTRIES ARE DOING, AND THE DEPARTMENT

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OF INDUSTRY IS IN TOUCH WITH OTHER INDUSTRIES. WHITBY

BELIEVES THAT THIS INFORMAL SYSTEM WORKS EFFECTIVELY. THE NUMBER OF BRITISH FIRMS INVOLVED IN EAST-WEST TRADE IS LIMITED. MOST OF THEM, ESPECIALLY THE LARGER ONES, WOULD GET IN TOUCH WITH THE GOVERNMENT ON THEIR OWN INITIATIVE ANYWAY BEFORE EMBARKING ON A MAJOR DEAL, EITHER FOR EXPORT CREDIT GUARANTEES OR FOR THE SECURITY OF KNOWING THAT THEY HAVE THE GOVERNMENT'S "BLESSING" FOR THE PROPOSED TRANSACTION.

3. IN MONITORING EAST-WEST TRANSACTIONS THROUGH THIS INFORMAL SYSTEM, WHITBY SAID, THE GOVERNMENT MAKES NO ATTEMPT TO RESTRICT TECHNOLOGY TRANSFERS (EXCEPT, OF COURSE, WHERE CLASSIFIED INFORMATION OR COCOM RESTRICTIONS ARE INVOLVED). THE GOVERNMENT JUDGES THE EXPORT OF TECHNOLOGY FIRST OF ALL IN TERMS OF OVERALL OBJECTIVE OF IMPROVING BRITAIN'S BALANCE OF PAYMENTS. THE NEED FOR BRITISH INDUSTRY TO COMPETE MORE EFFECTIVELY WITH OTHER WESTERN EUROPEAN COUNTRIES IS AN IMPORTANT FACTOR. POLITICAL CONSIDERATIONS ARE ALSO TAKEN INTO ACCOUNT -- BOTH THE UK'S RELATIONS WITH THE COUNTRY DESTINED TO RECEIVE THE EXPORT, AND THE VIEWS AND INTEREST OF OTHER COUNTRIES, NOTABLY THE US.

4. ACCORDING TO WHITBY, THESE POLICY CONSIDERATIONS ARE COORDINATED IN CLOSE, INFORMAL CONSULTATIONS AMONG VARIOUS MINISTRIES, INCLUDING THE DEPARTMENTS OF INDUSTRY, TRADE, THE MINISTRY OF DEFENCE, AND THE FOREIGN OFFICE.

5. FOR ADDITIONAL DETAILS, DEPARTMENT MAY WISH TO CONSULT THE REPORT THAT WAS PRESUMABLY PREPARED BY A TWO-MAN GAO STUDY TEAM WHICH VISITED THE UK AND OTHER EUROPEAN COUNTRIES LAST YEAR IN ORDER TO INVESTIGATE EAST-WEST TRADE MATTERS.

RICHARDSON

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Message Attributes

Automatic Decaptoning: Z
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: EXPORTS, POLICIES, EAST WEST TRADE, TECHNOLOGICAL EXCHANGES
Control Number: n/a
Copy: SINGLE
Draft Date: 01 APR 1975
Decapton Date: 28 MAY 2004
Decapton Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: GarlanWA
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975LONDON04849
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: D750112-0312
From: LONDON
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19750495/aaaadisy.tel
Line Count: 98
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 75 STATE 64767
Review Action: RELEASED, APPROVED
Review Authority: GarlanWA
Review Comment: n/a
Review Content Flags:
Review Date: 17 APR 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <17 APR 2003 by BoyleJA>; APPROVED <20 JUN 2003 by GarlanWA>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
05 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: IMPACT OF TECHNOLOGY EXPORTS TO COMMUNIST COUNTRIES
TAGS: EEW, TECH, UK, UR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 05 JUL 2006